



OGC Gateway™ Process
Review 2: Delivery strategy

Version number: Final

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SRO: Angela Walker

Department: HMRC

Agency or NDPB:

OGC Gateway™ Review dates: 03/02/2014 to 05/02/2014

OGC Gateway™ Review Team Leader:

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OGC Gateway™ Review Team Members:

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OGC Gateway Delivery Confidence Assessment

<u>Delivery Confidence Assessment</u>	AMBER GREEN
<p>The Review Team finds the project to be well structured, effectively governed, and giving clear priority to the open and full engagement of stakeholders, including the Scottish Government (as a key stakeholder). Interviewees and documentary evidence attested to a well run project with effective internal communications and a positive delivery culture.</p> <p>There are some significant issues to address, and while the project is aware of this, we make some recommendations to support and focus their response.</p> <p>In particular we suggest restructuring the Project Board; putting additional resource in place to buttress the project management and communications areas; and placing additional focus on project dependencies and specific delivery challenges.</p>	

The Delivery Confidence assessment RAG status should use the definitions below.

<u>RAG</u>	<u>Criteria Description</u>
Green	Successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly
Amber/Green	Successful delivery appears probable however constant attention will be needed to ensure risks do not materialise into major issues threatening delivery
Amber	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed promptly, should not present a cost/schedule overrun
Amber/Red	Successful delivery of the project/programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and whether resolution is feasible
Red	Successful delivery of the project/programme appears to be unachievable. There are major issues on project/programme definition, schedule, budget required quality or benefits delivery, which at this stage do not appear to be manageable or resolvable. The project/programme may need re-baselining and/or overall viability re-assessed

Summary of Report Recommendations

The Review Team makes the following recommendations which are prioritised using the definitions below.

Ref. No.	Recommendation	Critical/ Essential/ Recommended
1.	The SRO work with the PT Change Director to appoint a suitable deputy to the Project Manager, working fulltime on the project, and aiming to have them in post by June 2014.	Essential
2.	We recommend that the SRO review the composition and size of the Project Board with a view to refocusing it for the increased delivery pace ahead (complete review and implement in Q1 of 2014/15).	Essential
3.	We recommend that the SRO and PM plan now for increased communications resource, to be fully deployed by December 2014.	Essential
4.	We recommend that the project formalise and extend the existing practice, and presume that SG representatives should be actively invited to any project meeting, workshop or forum - excepting only those where HMRC policy issues or privileged data makes this inappropriate. By end March 2014	Essential
5.	We recommend that the project establish a target level of accuracy in identifying Scottish taxpayers which can be shared and communicated to all stakeholders. To link to production of the OBC, estimated at July 2014.	Essential
6.	We recommend that the Project Board agrees and monitors an action plan to ensure SRIT is properly recognised and represented on the HMRC Digital Roadmap, with requirements for SRIT digital services documented (by end March 2014).	Critical

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

Essential (Do By) – To increase the likelihood of a successful outcome the programme/project should take action in the near future. [Note to review teams – whenever possible Essential recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]

Recommended – The programme/project should benefit from the uptake of this recommendation. [Note to review teams – if possible Recommended recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]

Background

The aims of the project:

The Project will deliver the ability to collect and administer the Scottish Rate of Income Tax, provided for by the Scotland Act 2012. The project is one of three projects within HMRC's Scotland Act Programme, the others covering the fully devolved taxes (Stamp Duty Land Tax and Landfill Tax).

The driving force for the project:

The Scotland Act creates the Scottish Rate of Income Tax from 2016. The power to set the Scottish rate is devolved, while the collection, administration and accounting for Income Tax remains a UK-wide responsibility, vested in HMRC.

The procurement/delivery status:

The Project has largely concluded the policy definition and requirements definition stages and is approaching Outline Business Case.

Current position regarding OGC Gateway™ Reviews:

The Project is part of the Scotland Act Programme within HMRC, and that programme underwent a Gate 0 review in July 2013. We have seen and heard evidence of progress against a number of the recommendations made in that review, and comment on some linked points in this report. A summary of recommendations, progress and status from the previous Programme level Gateway 0 Review can be found in Appendix C.

The Review Team have confirmed the skills/experience track record for the SRO and Project Manager.

Purposes and conduct of the OGC Gateway™ Review

Purposes of the OGC Gateway™ Review

The primary purposes of a Gateway Review 2: Delivery strategy, is to confirm the Outline Business Case now that the project is fully defined and ensure that the procurement and delivery strategy is robust and appropriate.

Appendix A gives the full purposes statement for a Gateway Review 2.

Conduct of the OGC Gateway™ Review

This Gateway Review 2 was carried out from 03/02/2014 to 05/02/2014 at HMRC's offices in Westminster. The team members are listed on the front cover.

The people interviewed are listed in Appendix B.

The Review Team would like to thank the Project Team for their support during the review, and to all those interviewed for their willing and frank engagement and comments. Support during the review itself from [REDACTED] was particularly helpful.

Findings and recommendations

The Review Team found the project to be well structured, effectively governed, and giving clear priority to the open and full engagement of stakeholders, including the Scottish Government (as a key stakeholder). Interviewees and documentary evidence attested to a well run project with effective internal communications and a positive delivery culture.

We heard that the project was “exceptionally well run” and that “...of every project I deal with, this is the one I worry least about!”. Our recommendations to further improve the project’s ongoing delivery should be read in this context.

The project is sited within the Personal Tax business of HMRC, and the SRO comes from that business stream, and is based in the 100 Parliament Street office. The project is part of HMRC’s Scotland Act Programme, alongside projects covering the two fully devolved taxes – Stamp Duty Land Tax and Landfill Tax. While we have examined appropriate overlaps with the owning programme, the Review Team have not enquired into the sister projects.

The Project Manager and her immediate team are drawn from an area supporting policy and OGD (Other Government Departments’) projects. Most of the core project team are based in Newcastle, with specialists in locations across the UK. Significant stakeholders are the Scottish Government, Edinburgh; HMRC Policy leads, London; HMRC Specialist Personal Tax (for pensions industry issues), Nottingham; HMRC Self Assessment process owners, Telford; HMRC’s Internal Audit function; the National Audit Office; and many others.

This wide range of stakeholders (in both functional and geographic terms) is not unusual for an HMRC project, and the governance seeks to address it effectively. The Project Board currently operates on a six weekly cycle, primarily by teleconference, with face-to-face meetings twice a year. The related Programme Board also runs on a six weekly cycle. The interchange of information and escalation of issues/risks between Project and Programme is effective and demonstrated by recent examples.

1: Progress of the Project to date

The project has recently achieved a significant milestone in completing its requirements work (barring minor exclusions entirely within the normal expectation for a project of this complexity). This milestone was moved from late December 2013 to end January 2014, and we noted that this had been done in a particularly open and transparent manner including discussion at both Project and Programme Boards, which helped to ensure understanding of the need and value of the change. The Outline Business Case is now in preparation and scheduled for acceptance in July 2014, taking on board improved estimates of suppliers’ costs between now and then. Our review is therefore, earlier than typical for a Gate 2, and we have focused our efforts accordingly.

2: Leadership and Management

While delivery of the Scottish Rate of Income Tax (SRIT) project is not part of HMRC's major project list, it is a coalition government commitment, now enacted into law. There is a high degree of ministerial interest from both UK and Scottish governments and the project should therefore be treated as a resourcing priority to ensure successful delivery.

The Review Team were therefore very reassured that the strength of both SRO and Project Manager (PM) were commented on frequently during our review, and the Project Manager was widely recognised as running an extremely effective project with considerable verve.

Given her pivotal role, and the timescale of the project (over two years still to run), we feel there is a particular 'key person' risk here and so **we recommend the SRO work with the PT Change Director to appoint a suitable deputy to the Project Manager, working fulltime on the project, and aiming to have them in post by June 2014.** This deputy could be a developmental role, alongside providing succession planning and picking up elements of the current PM role to allow additional bandwidth for the PM herself, especially as delivery accelerates in the next phase.

We feel the SRO should also look to formalise the PM's ability to act as deputy SRO, which is already the arrangement in practice.

3: Governance

The Review Team heard a great deal of praise for the operation and management of the Project Board (PB), and the level of challenge and debate which takes place there. We heard that effective chairing and direction of the agenda (between the SRO and PM) largely compensated for the natural limitations of an audio meeting – although technical problems are not unheard of, and there has been a recent peak of these linked to problems in HMRC's internal voice network, now said to be resolved.

Nonetheless, some participants raised the point that while a very effective meeting for engagement and discussion, the Project Board were not asked to make decisions frequently. There were differing opinions as to whether these were made elsewhere and reported through the PB, or whether the demand for decision making had been limited to date. The PB minutes and decisions log confirm that following a focus of activity in July 2013, there has been a dearth of decision making around the board table. While we are not unduly concerned by this, as the engagement aspects have clearly had very positive effects to date; we do feel the project would be better served in the next phase of activity by separating out the decision making and engagement/communication/consensus forming elements.

We therefore recommend that the SRO review the composition and size of the Project Board with a view to refocusing it for the increased delivery pace ahead. A natural time to do this might be following the planned March face-to-face meeting with a view to restructuring from April 2014. Focusing the PB in this way (whilst retaining the Scottish Government senior stakeholder role) would allow a

more regular meeting if needed, and make more face to face meetings practical, both of which we think will benefit the project as the pace increases and the opportunity for miscommunication/misunderstanding rises.

3: Communications

Communication is going to be a key aspect of an effective SRIT project, and we commend the work done to date by the communications lead on the project team which has set strategies and put plans in place. The communications landscape will be complicated by the need to interlock with Scottish Government (SG) communications, existing PAYE and SA communications, and supporting messages to those not impacted but who will otherwise contact HMRC or other bodies. There has already been a degree of Parliamentary Question and Freedom of Information interest – and this will doubtless continue and increase at sensitive times, and require Press Office briefing and preparation. This needs to be interwoven and work collaboratively with messages on project progress and status. Should that not be sufficiently complex, there is also scope for customer confusion with referendum/independence issues, although the SRIT legislation is already in place, and not referendum linked or dependent. The need to interact with policy colleagues, Press Office, Scottish Government communications, HMRC Corporate Communications and keep each in sync from a project perspective should not be underestimated, and cannot effectively be contracted out from the project itself.

Given the above, the Review Team believe the demand for effective management of communications will shortly outstrip the resource currently available, and will need to be closely managed within the project, and not subject to cross-HMRC prioritisation calls. **We recommend that the SRO and PM plan now for increased communications resource, to be fully deployed by December 2014.**

4: Investment Case and Costs

The project has expectations of delivering within a £40m-£50m cost envelope, which has been supported by the Order of Magnitude cost modelling and estimation work to date.

The cost modelling for the IT lifecycle elements of the project gives a range of predicted outturns. After hearing from a range of interviewees, the Review Team felt that a number of project characteristics (need for “mile wide, inch deep” change to HMRC systems and processes; need for new IT services for pensions providers; potential links to current HMRC digital deliveries) were likely to drive the costs towards the higher end of this range, but noted that the work already planned to inform the Outline and then Full Business Case will deliver better estimates in due course.

Equally, the business implementation cost estimates could correspondingly decrease depending on the degree of automation achievable, and the outcomes of the planned customer insight work (in mid 2014) which will inform communication and

contact handling estimates. We touch on the issue of specific potential business impacts, linked to Relief at Source handling, later in this report.

4: Stakeholders

The project has a wide range of stakeholders and the Review Team found all the expected stakeholder tracking and engagement tools in use. Significantly and unusually for an HMRC project, the Scottish Government (SG) is both the prime stakeholder and is funding the project (under the terms of the Scotland Act). The project has been keen to involve the SG stakeholder fully and there is an ongoing need for all stakeholders to better understand each others' needs and perspectives. Given that income tax remains a UK-wide tax, administered by HMRC, and related taxpayer data is therefore protected and privileged, the relationship with the SG is not as straightforward as it might appear to a casual observer.

The project, programme and HMRC officials are working with Scottish counterparts to provide appropriate performance management checks and balances, including using the offices of National Audit Office and Audit Scotland, respectively. There is still a way to go to establish clear mutual understanding of all the intricacies of SRIT in its ultimate implementation, but the Review Team were impressed by the effort being expended by all parties to that end. Nonetheless, the two administrations (UK and Scottish) have different drivers, contexts and areas of expertise and there is scope for misinterpretation even in apparently uncontroversial project developments.

To further build mutual confidence, **we recommend that the project formalise and extend the existing practice, and presume that SG representatives should be actively invited to any project meeting, workshop or forum - excepting only those where HMRC policy issues or privileged data makes this inappropriate.** The PMO may wish to maintain a central list of meetings to support and evidence the ongoing level of involvement and interaction.

While making this recommendation to build on the good practice already evident, we should also explicitly note the very positive comments made about a series of recent workshops delivered by the project, and praised by all key stakeholders. These were described to us as being "exemplary" in their inclusivity and ability to surface issues.

5: Risk Management and Project Controls

The quality of project products is generally very impressive and innovation has been shown in creating tools to meet the particular needs of the project. The decision matrix used to clarify and apportion decision making powers by topic is a good example of this. Some project tools do need updating after the intense spurt of activity through late December and January, and we saw evidence that this was happening even during our short review period.

The project operates effective risk management processes and the risk register is regularly reviewed. We saw evidence of effective escalation and review processes at work. The Review Team noted a few areas of risk raised during the review process which the PM should ensure are adequately represented in the risk register:

- Key person risk/Succession planning
- Understanding of new competition/procurement processes for IT elements
- Reputational risk linked to Scottish Taxpayer identification issues
- Risk of data mismatch leading to significant work for HMRC operational units
- Risk of RAS contingency issues leading to significant work for HMRC operational units
- Risk of PQ or FOI peaks drawing comms or briefing resource away at key moments

Project dependencies are one area where we feel some additional work is needed. The emerging dependencies on both government and HMRC digital deliveries mentioned in the next section should be strengthened and tracked.

5: Delivery Challenges

Identifying Scottish Taxpayers

A particular challenge to the project is the need to identify Scottish Taxpayers to whom the Scottish Rate of Income Tax will apply. This identification is not as straightforward as it might appear, and a range of issues such as: existing address quality; multiple addressing; and the relative mobility of the UK population (compared to that at the time the taxation systems were derived) contrive to further complicate it. The project has made good initial steps towards addressing this issue and is commissioning further research as to the genuine levels of accuracy achievable. This includes the possibility of achieving legal gateways to exploit further Scottish datasets to improve accuracy. Currently, however, there is no shared expectation of what an acceptable level of accuracy is, and this could lead to an open-ended pursuit of ever greater levels, which could drag project focus away from delivery.

We recommend that the project establish a target level of accuracy in identifying Scottish taxpayers which can be shared and communicated to all stakeholders. There will need to be good explanation and education as to the impact of this level (inevitably under 100%), and ongoing review of how it relates to diminishing returns versus escalating costs.

[REDACTED]

[REDACTED]

[REDACTED]



Interaction with Digital Agenda

The third major challenge the Review Team see relates to how the SRIT project will interact with the emerging Digital Roadmap for HMRC services. As an 'in-flight' project, it is not quite clear how SRIT's requirements are mapped on to the Roadmap, and how the related planning and approval processes will operate. Interviewees feel that SRIT will be significantly dependent on digital identity assurance (known as IDA) and the ability for taxpayers to update their address information online. The existing PAYE and SA (Self Assessment) systems within HMRC will be transformed by the digital agenda and significant business process re-engineering between now and the launch of SRIT, and this will add complexity to the project's delivery.

We recommend that the Project Board agrees and monitors an action plan to ensure SRIT is properly recognised and represented on the Digital Roadmap, with requirements for SRIT digital services documented (by end March 2014).

The next OGC Gateway™ Review is expected in autumn 2014, following OBC approval, analysis of customer insight findings, and near-finalisation of the FBC.

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APPENDIX A

Purposes of the OGC Gateway™ Review 2: Delivery strategy

- Confirm the Outline Business Case now the project is fully defined.
- Confirm, that the objectives and desired outputs of the project are still aligned with the programme to which it contributes.
- Ensure that the delivery strategy is robust and appropriate.
- Ensure that the project's plan through to completion is appropriately detailed and realistic, including any contract management strategy.
- Ensure that the project controls and organisation are defined, financial controls are in place and the resources are available.
- Confirm funding availability for the whole project.
- Confirm that the development and delivery approach and mechanisms are still appropriate and manageable.
- If appropriate, check that the supplier market capability and track record are fully understood (or existing supplier's capability and performance), and that there will be an adequate competitive response from the market to the requirement.
- Confirm that the project will facilitate good client/supplier relationships in accordance with government initiatives such as Achieving Excellence in Construction.
- For a procurement project, confirm that there is an appropriate procurement plan in place that will ensure compliance with legal requirements and all applicable EU rules, while meeting the project's objectives and keeping procurement timescales to a minimum.
- Confirm that appropriate project performance measures and tools are being used.
- Confirm that there are plans for risk management, issue management (business and technical) and that these plans will be shared with suppliers and/or delivery partners.
- Confirm that quality procedures have been applied consistently since the previous Review.
- For IT-enabled projects, confirm compliance with IT and information security requirements, and IT standards.
- For construction projects, confirm compliance with health and safety and sustainability requirements.
- Confirm that internal organisational resources and capabilities will be available as required for future phases of the project.
- Confirm that the stakeholders support the project and are committed to its success.

APPENDIX B

Interviewees

Name	Role
Sarah Walker	Programme SRO & policy owner
Angela Walker	Project SRO
[REDACTED]	Project Manager, PB Member
[REDACTED]	Project Comms Manager, PB member
[REDACTED]	Project Finance Manager, PB Member
[REDACTED]	PDP Portfolio Manager
[REDACTED]	Finance Lead / NAO negotiations / Financial Accreditation
[REDACTED]	Project Board member/Policy lead
[REDACTED]	Scottish Government lead on SRIT, PB Member
[REDACTED]	PT Operations/PB Member
[REDACTED]	Deputy SA Process Owner/PB Member
[REDACTED]	IMS Project Manager, PB Member
[REDACTED]	IMS IT Solution Architect
[REDACTED]	Relief At Source (RAS) SME
[REDACTED]	Project Board member/E & C Strategy SME
[REDACTED]	PT Change, Deputising for Elaine Benn, Change Director

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APPENDIX C**Recommendations from previous OGC Gateway™ Review**

NB These are Programme Level recommendations for the Scotland Act Programme, this review is the first at project level.

Recommendation	Progress/Status
To engage fully with all key Scottish Government stakeholders	Ongoing
To enhance the structure and resource of the Programme Management Office	Ongoing
To review all key stakeholders in order to establish their inter-relationships and inter-dependencies	Ongoing
To produce and manage a comprehensive Programme level Stakeholder and Communications Plan in order to ensure a consistent approach and accountability	Ongoing
To develop and manage an integrated programme and customer communications strategy and delivery plan	Ongoing
To develop an end-to-end Programme plan identifying key milestones and decision points	Ongoing

As we closed the review, we heard that all recommendations other than the fifth were now considered complete, but did not have the ability to verify this.